

FINANCIAL BEGINNINGS

FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

(With Comparative Totals for the Year Ended June 30, 2023)

INDEPENDENT AUDITOR'S REPORT



FINANCIAL BEGINNINGS
(an Oregon non-profit organization)

FINANCIAL BEGINNINGS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Financial Beginnings
Portland, Oregon

Opinion

We have audited the accompanying financial statements of Financial Beginnings (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Financial Beginnings as of June 30, 2024, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Financial Beginnings and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Financial Beginnings ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Financial Beginnings' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Financial Beginnings' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

The financial statements of Financial Beginnings as of June 30, 2023 and for the year then ended were audited by other auditors. Those auditors expressed an unmodified opinion on those audited financial statements in their report dated February 21, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bashar & Johnson, P.C.

FINANCIAL BEGINNINGS
STATEMENT OF FINANCIAL POSITION
June 30, 2024

ASSETS

CURRENT ASSETS

Cash and cash equivalents (Note 4)	\$ 826,096
Investments (Note 5)	106,966
Accounts receivable	164,027
Employee retention credits receivable (Note 13)	76,962
Prepaid expenses	<u>4,432</u>

TOTAL CURRENT ASSETS	<u>1,178,483</u>
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Operating lease right of use asset (Note 9)	51,981
Fixed assets (Note 7)	<u>-</u>

TOTAL NON-CURRENT ASSETS	<u>51,981</u>
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TOTAL ASSETS	<u><u>\$ 1,230,464</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 16,900
Accrued payroll	64,910
Accrued vacation	66,537
Deferred revenue	10,417
Operating lease liability - current (Note 9)	47,289

TOTAL CURRENT LIABILITIES	<u>206,053</u>
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Operating lease liability - long term (Note 9)	<u>10,163</u>
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TOTAL LIABILITIES	<u>216,216</u>
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NET ASSETS:

Net assets without donor restrictions	773,626
Net assets with donor restrictions (Note 8)	<u>240,622</u>

Total net assets	<u>1,014,248</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,230,464</u></u>
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The accompanying notes are an integral
part of the financial statements.

FINANCIAL BEGINNINGS
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year ended June 30, 2024
(With Comparative Totals for the Year Ended June 30, 2023)

	2024			Comparative Totals 2023
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenues:				
Grants and contributions	\$ 927,691	\$ 151,340	\$ 1,079,031	\$ 1,629,730
Contributions of non-financial assets (Note 6)	12,410	-	12,410	4,854
Program income	76,909	-	76,909	194,458
Employee Retention Credits (Note 13)	65,000	-	65,000	-
Interest income	26,724	-	26,724	5,145
Investment income (Note 5)	2,163	-	2,163	-
Other income	-	-	-	60,340
	1,110,897	151,340	1,262,237	1,894,527
Net assets released from restrictions	311,940	(311,940)	-	-
Total revenues	1,422,837	(160,600)	1,262,237	1,894,527
Expenses:				
Program services	1,018,024	-	1,018,024	830,131
General and administrative	261,052	-	261,052	128,505
Fundraising	297,503	-	297,503	188,205
Total expenses	1,576,579	-	1,576,579	1,146,841
Change in net assets	(153,742)	(160,600)	(314,342)	747,686
Net assets, beginning of year (as previously reported)	744,116	-	744,116	(3,570)
Restatement (Note 3)	(346,856)	346,856	-	-
Net assets, beginning of year (as restated)	397,260	346,856	744,116	(3,570)
Net assets contribution from affiliates (Note 11)	530,108	54,366	584,474	-
Net assets, end of year	\$ 773,626	\$ 240,622	\$ 1,014,248	\$ 744,116

The accompanying notes are an integral
part of the financial statements.

FINANCIAL BEGINNINGS
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2024
(With Comparative Totals for the Year Ended June 30, 2023)

	2024				Comparative Totals 2023
	Program Services	General and Administrative	Fundraising	Total	
Salaries and wages	\$ 718,573	\$ 85,402	\$ 195,048	\$ 999,023	\$ 740,325
Employee benefits	74,621	9,755	33,336	117,712	77,330
Payroll taxes	50,595	5,315	21,859	77,769	60,220
Program expense	81,685	-	118	81,803	65,301
Cost of materials sold	31,273	-	-	31,273	29,337
Occupancy	15,191	5,794	5,793	26,778	28,340
Communications	10,913	1,330	4,875	17,118	12,994
Advertising and marketing	497	257	1,047	1,801	5,172
Office expenses	15,948	6,282	17,696	39,926	37,949
Travel	4,770	9,146	2,919	16,835	7,046
Professional fees	9,732	135,044	14,508	159,284	72,204
Fundraising event	-	-	-	-	4,748
Insurance	4,226	2,727	304	7,257	4,900
Depreciation	-	-	-	-	975
 TOTAL EXPENSES	 \$ 1,018,024	 \$ 261,052	 \$ 297,503	 \$ 1,576,579	 \$ 1,146,841

The accompanying notes are an integral
part of the financial statements.

FINANCIAL BEGINNINGS
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from grants and contributions	\$ 1,301,558
Cash received from affiliates, licensing and sale of materials	87,326
Cash received from interest and other revenue	28,355
Cash paid to employees and suppliers	<u>(1,579,161)</u>

Net cash provided by (used in) operating activities	<u>(161,922)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES (Note 15):

Cash received in acquisition	\$ 301,402
Proceeds from sale of investments	<u>230,390</u>

Net cash provided by (used in) investing activities	<u>531,792</u>
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Net change in cash	369,870
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Cash and cash equivalents, beginning of year	<u>456,226</u>
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Cash and cash equivalents, end of year	<u><u>\$ 826,096</u></u>
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RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH
PROVIDED (USED) BY OPERATING ACTIVITIES

Change in net assets	\$ (314,342)
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Adjustments to reconcile change in net assets to net
cash provided (used) by operating activities:

Contributions of non-financial assets	(12,410)
Realized and unrealized gains and losses	(532)

Change in assets and liabilities:

Decrease in accounts receivable	234,489
(Increase) in ERC receivable	(76,962)
(Increase) in prepaid assets	436
(Decrease) in accounts payable	(32,397)
Increase in accrued payroll	16,516
Increase in accrued vacation payable	15,052
Increase in deferred revenue	10,417
Net change in operating lease right of use assets and lease liabilities	<u>(2,189)</u>

Net cash provided (used) by operating activities	<u><u>\$ (161,922)</u></u>
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The accompanying notes are an integral
part of the financial statements.

FINANCIAL BEGINNINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

1. ORGANIZATION

Financial Beginnings (the "Organization") is a nonprofit corporation organized in the State of Oregon. The Organization works to increase the financial literacy of youth and young adults in the United States of America. The Organization receives funding from grants and contributions and payments from affiliates for products and services.

The Organization uses an affiliate model for operations. Under this model Financial Beginnings executes agreements with affiliates, which are separate 501(c)(3) nonprofit organizations. Under the affiliate agreements the Organization retains ownership of all intellectual property and provides curricula and certain services to the affiliates. The affiliates in turn agree to purchase curricula only from the Organization, pay the Organization annual dues, and provide free financial literacy classes using the Financial Beginnings curricula.

During the year ended June 30, 2024, the Oregon and Washington affiliates were acquired by the Organization (see Note 11).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies applied in the preparation of the accompanying financial statements follows.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

FINANCIAL BEGINNINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers cash and short-term investments with maturities of three months or less to be cash.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. At June 30, 2024 there were no cash balances that exceeded FDIC insurance limits. The Organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

Investments

Investments in equity securities and mutual funds with readily determinable fair values and all investments in debt securities and mutual funds are carried at fair value in the statement of financial position.

Investment income or loss (including gains and losses on investments, interest and dividends) are included in the statement of activities as increases or decreases in net assets without donor restrictions, unless the income or loss is restricted by donor or law. Investment income or loss that is limited to specific uses by donor-imposed restrictions may be reported as increases or decreases in net assets without donor restrictions if the restrictions are met in the same reporting period as the income or loss is recognized. Investment income, including realized and unrealized gains and losses, is allocated annually to various restricted or designated funds, when required.

Accounts Receivable

Accounts receivable are stated at the amount invoiced to the client, less a reasonable allowance for doubtful accounts. The allowance for doubtful accounts is estimated by management based on the amount and regularity of subsequent collections, payment history, and management's knowledge of current financial circumstances of the client or contracting agency. Receivables are written off when management determines that the

FINANCIAL BEGINNINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

possibility of collection is remote. Management has determined that no allowance was deemed necessary at June 30, 2024.

Revenue Recognition

Revenue from contracts with customers is recorded based on Accounting Standards Codification (ASC) 606, *Revenue from contracts with customers*, which provides a five-step analysis of contracts to determine when and how revenue is recognized.

Program service revenue is comprised of licensing fees and affiliate licensing dues. Licensing fees are billed and collected up front. Revenues are recognized ratably over the period of time to which the licensing contract relates as the performance obligations are satisfied. Licensing dues are assessed on an annual basis and billed monthly. Revenues are recognized ratably over the period of time to which the dues relate as performance obligations are satisfied.

Grants and Contributions

Grants and contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Capital Assets

Capital assets are recorded at cost. Acquisitions, renovations and repairs which increase the value of assets and have an estimated useful life in excess of one year are capitalized. All expenditures for repairs and maintenance which do not appreciably extend the useful life or increase the value of the assets are expensed in the period in which the cost is incurred. Contributed assets are recorded at fair market value on the date of contribution. Contributed services which extend the useful life or increase the value of assets are recorded at fair value. Depreciation is recorded on a straight-line basis over the estimated

FINANCIAL BEGINNINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

useful life of the assets, which is generally seven years for furniture and equipment and three years for leasehold improvements.

Advertising Costs

Advertising is expensed as incurred. Advertising expenses totaled \$1,801 for the year ended June 30, 2024.

Fair Value of Financial Instruments

Due to the short-term nature of cash equivalents, prepaid expenses and accounts payable, their fair value approximates carrying value.

Income Taxes

The Organization received a tax determination letter indicating that it qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and comparable state law. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

Fundraising Expenses

The Organization follows the guidance in ASC 958-720 related to accounting for costs of activities that include fundraising. As a result, if a fundraising activity contains joint costs that might be allocated to programs or other activities, specific criteria regarding the audience and purpose of activity will be considered before costs will be allocated. If the criteria are not met, all costs are reported as fundraising expenses. During the year ended June 30, 2024 no joint costs were allocated to programs or other activities. Total fundraising expenses for the year were \$297,503.

FINANCIAL BEGINNINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional expense basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that were allocated include the following:

Salaries and benefits	Time and effort
Occupancy	Square footage
Professional services	Time and effort
Office expenses	Time and effort
Insurance	Time and effort

Leases

The Organization leases office space and determines if an arrangement is a lease at inception.

Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statement of financial position. ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease.

Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Organization's leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if the Organization has obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

FINANCIAL BEGINNINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Summarized Financial Information for 2023

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2023, from which the summarized information was derived. Certain prior year amounts have been reclassified to conform to current year presentation.

3. RESTATEMENT

Corrections were made to amounts reported as of and for the year ended June 30, 2023. The corrections were to properly classify the amount of net assets without and with donor restrictions as of June 30, 2023. Total revenue and total net assets were not impacted by the correction. The correction increased net assets with donor restrictions by \$346,856 and decreased net assets without donor restrictions by \$346,856.

4. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following represents the Organization's financial assets at June 30, 2024:

Cash and cash equivalents	\$ 826,096
Investments	106,966
Accounts receivable	164,027
Employee retention credits receivable	<u>76,962</u>
	1,174,051
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>(240,622)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 933,429</u>

FINANCIAL BEGINNINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

4. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS, Continued

The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. The Organization's cash needs are expected to be met on a monthly basis from regular revenue sources. In general, the Organization maintains sufficient financial assets on hand to meet normal operating expenditures and to reserve for future needs.

5. INVESTMENTS

FASB ASC 820 establishes a framework for measuring fair value, clarifies the definition of fair value and expands disclosures about fair-value measurements. FASB ASC 820 defines fair value as the price that would be received to sell an asset, or paid to transfer a liability. Fair value is a market-based measurement that should be determined using assumptions that market participants would use in pricing an asset or liability. FASB ASC 820 establishes a valuation hierarchy for disclosure of fair value measurements. The categorization within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. The categories within the valuation hierarchy are described below:

Level 1 – Financial instruments with quoted prices in active markets for identical assets or liabilities. The Organization's level 1 financial instruments consist of money market funds and mutual funds.

Level 2 – Financial instruments with quoted prices in active markets for similar assets or liabilities. Level 2 fair value measurements are determined using either prices for similar instruments or inputs that are either directly or indirectly observable, such as interest rates. The Organization does not have any financial assets or liabilities being measured at fair value that are classified as level 2 financial instruments.

Level 3 – Inputs to the fair value measurements are unobservable inputs or valuation techniques. The Organization does not have any financial assets or liabilities being measured at fair value that are classified as level 3 financial instruments.

FINANCIAL BEGINNINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

5. INVESTMENTS, Continued

Cash equivalents and investments, stated at fair value at June 30, 2024 include:

	<u>Fair Value</u>	<u>Fair Value Measurements</u>
Money market funds	\$ 1,305	Level 1
Mutual funds	<u>105,661</u>	Level 1
	\$ <u>106,966</u>	

Investment income (loss) in the statements of activities consist of the following for the year ended June 30, 2024:

Dividends and interest	\$ 1,631
Realized gains (loss)	(19,063)
Unrealized gains (loss)	<u>19,595</u>
	\$ <u>2,163</u>

6. CONTRIBUTED NONFINANCIAL ASSETS

For the year ended June 30, 2024, contributed nonfinancial assets recognized in the statement of activities were as follows:

	<u>Revenue Recognized</u>	<u>Utilization in Programs</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques</u>
Professional services	\$ 12,410	Program services	None	Fair value of the services

Contributed contract services are valued at the estimated fair value based on current rates for similar services. Contributed professional services were used for program and supporting services.

FINANCIAL BEGINNINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

7. FURNISHINGS AND EQUIPMENT

Furnishings and equipment at June 30, 2024 consists of the following:

Office furnishings	\$ 1,595
Less accumulated depreciation	<u>(1,595)</u>
	<u>\$ -</u>

Depreciation expense was \$0 for the year ended June 30, 2024.

8. Net Assets with Donor Restrictions

Net assets with donor restrictions as of June 30, 2024 consists of the following:

Program development and translation	\$ 202,418
Delivery of programs in Oregon	27,371
Delivery of programs in Washington	5,833
Delivery of programs in California	<u>5,000</u>
	<u>\$ 240,622</u>

9. OPERATING LEASES

The Organization leases office space under non-cancelable operating lease agreements which expire in March and October 2025. As of June 30, 2024 assets recorded under operating leases were \$51,981 and operating lease liabilities were \$57,452. Total operating lease cost under these operating lease agreements aggregated \$25,097 for the year ended June 30, 2024.

The leases have a weighted average remaining lease term of 13 months and a weighted average discount rate of 0.54% for the calculation of the present value of the lease asset and liability.

The operating lease liability matures as follows:

Year Ending June 30:	
2025	\$ 47,440
2026	<u>10,168</u>
Total lease payments	57,608
Less interest	<u>(156)</u>
Present value of operating lease liability	<u>\$ 57,452</u>

FINANCIAL BEGINNINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

9. OPERATING LEASES, Continued

Reported as of June 30, 2024	
Operating lease liability - current	\$ 47,289
Operating lease liability - long term	<u>10,163</u>
Total	<u>\$ 57,452</u>

Total cash flow under the terms of the operating lease was \$27,286 for the year ended June 30, 2024.

10. RELATED PARTY TRANSACTIONS

The Organization has two independent affiliates in Oregon and Washington. During the year ended June 30, 2024 the Organization had the following transactions with these related parties:

Affiliate Licensing Dues, Services, Materials Sold revenue:

Oregon affiliate	\$ 34,542
Washington affiliate	\$ 22,628

During the year ended June 30, 2024, the Oregon and Washington affiliates were acquired by the Organization (see Note 11).

FINANCIAL BEGINNINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

11. ACQUISITION OF AFFILIATES

On April 16, 2024 the Organization and its affiliated organizations, Financial Beginnings Oregon (an Oregon nonprofit corporation) and Financial Beginnings Washington (a Washington nonprofit corporation), completed an acquisition to unify the entities and program activities into one organization. The purpose of the acquisition was to improve financial and operational efficiencies of the Organization.

The following is a summary of the amounts recognized in the Statement of Financial Position of the Organization as of the date of the acquisition:

	Financial Beginnings Oregon	Financial Beginnings Washington	Total
Cash	\$ 31,513	\$ 269,889	\$ 301,402
Investments	287,037	37,377	324,414
Right of use assets	41,277	-	41,277
Other assets	<u>2,542</u>	<u>104</u>	<u>2,646</u>
Total assets	<u>\$ 362,369</u>	<u>\$ 307,370</u>	<u>\$ 669,739</u>
Accounts payable	23,023	1,133	24,156
Accrued expenses	15,170	484	15,654
Lease liabilities	<u>45,455</u>	<u>-</u>	<u>45,455</u>
Total liabilities	83,648	1,617	85,265
Net assets without donor restrictions	232,688	297,420	530,108
Net assets with donor restrictions	<u>46,033</u>	<u>8,333</u>	<u>54,366</u>
Total net assets	<u>278,721</u>	<u>305,753</u>	<u>584,474</u>
Total liabilities and net assets	<u>\$ 362,369</u>	<u>\$ 307,370</u>	<u>\$ 669,739</u>

As a result of the acquisition, the Organization recognized a net assets contribution from affiliates of \$584,474 in the Statement of Activities and Changes in Net Assets for the year ended June 30, 2024. The assets and liabilities are recorded as an inherent contribution of net assets at fair market value in the Statement of Activities and Changes in Net Assets. The net assets were acquired by the Organization without transferring any consideration. There was no goodwill in the acquisition transaction.

FINANCIAL BEGINNINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

12. SALE OF MATERIALS

The Organization sells materials to affiliates for use in their programs. Sales and cost of materials was as follows for the year ended June 30, 2024:

Sales	\$ 11,929
Cost of sales	<u>10,846</u>
Gross profit (loss)	<u>\$ 1,083</u>

13. EMPLOYEE RETENTION CREDITS

The CARES Act provides an employee retention credit (“ERC”), which is a refundable tax credit against certain employment taxes for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per employee through December 31, 2020, and 70% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per quarter per employee through December 31, 2021.

The Organization is eligible for the ERC under the CARES Act. During the year ended June 30, 2024, the Organization recognized \$65,000 of income and \$11,962 of interest related to the ERC. ERC receivable, including accrued interest, at June 30, 2024 is \$76,962, which represents refunds due on the 2020 Form 941-X Adjusted Employer’s Quarterly Federal Tax Return or Claim for Refund for the quarters ended June 30, 2020 and September 30, 2020.

14. SUBSEQUENT EVENTS

The Organization has evaluated for subsequent events through November 22, 2024, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended June 30, 2024.

15. SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES

During the year ended June 30, 2024 the Organization acquired two affiliates that included non cash assets and liabilities of \$368,337 and \$85,265, respectively (see Note 11).